

VZCZCXRO8252
PP RUEHFK RUEHKS0 RUEHNAG RUEHNH
DE RUEHKO #0089/01 0152255
ZNR UUUUU ZZH
P 152255Z JAN 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 0051
INFO RUEHBY/AMEMBASSY CANBERRA 2977
RUEHFK/AMCONSUL FUKUOKA 1870
RUEHNAG/AMCONSUL NAGOYA 9772
RUEHNH/AMCONSUL NAHA 4220
RUEHOK/AMCONSUL OSAKA KOBE 5658
RUEHKS0/AMCONSUL SAPPORO 2429
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC

UNCLAS SECTION 01 OF 02 TOKYO 000089

SENSITIVE
SIPDIS

STATE PASS USTR FOR AUSTR CUTLER, MBEEMAN, EHOLLOWAY, AND
JDOHERTY
USDA FOR DUS TERPSTRA, USDA/FAS SHALE, DBERMAN, AND JPAULSON

E.O. 12958: N/A

TAGS: [EAGR](#) [ETRD](#) [JA](#) [PGOV](#) [PREL](#)

SUBJECT: THINK TANK RECOMMENDATIONS FOR AGRICULTURE REFORM

11. (U) Japan's agriculture sector must modernize and become more integrated into the globalized economy to avoid further stagnation, representatives from the Japan Forum on International Relations (JFIR) said during a January 14 press conference announcing publication of its report, "Japan's Strategy for its Agriculture in the Globalized World." The JFIR, a non-profit and non-partisan organization, presented its policy recommendations to Prime Minister Aso prior to the press conference. The report was drafted by a task force of agricultural economists well known to the Embassy chaired by Dr. Masayoshi Honma, Department of Agricultural and Resource Economics, Tokyo University, and also a professor at Iowa State. The full text of the report is available on JFIR's website: <http://www.jfir.or.jp>.

12. (U) The report recognizes the importance of imports for Japan's food security and criticizes Japanese government policies (e.g., rice production quotas and lax land-use laws), which it contends have limited the GOJ's ability to respond in situations such as the recent spike in global food prices. It blames high duties on food imports for cutting off domestic producers from competitive market signals overseas and advocates greater government promotion of agriculture as an industry. The report also cites the government's protectionist policies on agriculture as an unwieldy impediment to Japan taking a leadership role in the WTO and other trade liberalization negotiations.

Short-Term Recommendations

13. (U) Key short-term recommendations made by JFIR include the following:

-- Create large blocks of farmland by offering incentives to small-scale farmers to leave their farms early, to include compensation for title transfers. The program should be managed for a limited period of time to ensure maximum land consolidation.

-- Develop agriculture-commerce-industry partnerships to create new employment opportunities in farming communities and train young professionals to promote agriculture exports.

-- Establish a market for transferring production quotas as a first step towards eliminating Japan's rice acreage restrictions.

-- Create a program to allow up to 50,000 foreign farmhands

to work in Japan to alleviate severe labor shortages in the agricultural sector.

-- Pursue recommencement of WTO Doha Round negotiations. The GOJ should take concerted steps to explain to the Japanese public the reasons for the difference of positions between Japan and other countries and the particular circumstances under which the negotiations take place.

Medium to Long-Term Recommendations

14. (U) Medium to long-term recommendations made by the JFIR include the following:

-- Establish "Food Production Base Areas" to ensure a stable food supply. Develop strategies to identify priority areas for better use of farmland and agricultural investment. Designate Food Production Base Areas as special economic zones exempt from current farmland regulations, including those governing land transfers and conversion of land for non-agricultural purposes.

-- "Completely transform" Japan's agricultural subsidy programs into financing programs that support better farm management.

-- Use agriculture to revitalize local economies, which are more heavily dependent on the farming sector.

-- Abolish policies that reduce rice acreage and encourage

TOKYO 00000089 002 OF 002

growth in innovative rice agribusinesses.

-- Implement food security policies that rely on a combination of domestic production, imports, and adequate storage and warehousing.

-- Establish within the Prime Minister's Office a ministerial-level organization for "Economic Security," to include food security, energy, transport, and distribution, in recognition that food security cannot be addressed solely by promoting agriculture in Japan.

-- Use Japan's agricultural technologies to help eliminate food-related challenges globally.

Comment

15. (SBU) Although the GOJ is unlikely to take on board most, if any, of the JFIR's recommendations, publication of the report nonetheless reflects the ongoing debate among policymakers about what Japan's future direction on agriculture should be. Some of our contacts suggest Agriculture Minister Ishiba is more receptive to ideas about how to reform the sector, even ones as "radical" as JFIR's might be for some GOJ officials and farmers' groups. However, it is questionable what sort of progress could be made along these lines given Japan's current political climate and the entrenched agricultural interests.
ZUMWALT